



California Department of Water Resources
Office Water Use Efficiency and Transfers
Water Recycling and Desalination Branch

PROPOSITION 50 - CHAPTER 6(a) DESALINATION GRANTS 2006 PROPOSAL SOLICITATION PACKAGE

Q&A

APPLICATION

1. *Form A asks the applicant to categorize the project. If the project is not categorized correctly will it impact the score? Please provide a description of the categories.*

The project categorization can impact the score and the relative ranking within the category.

Feasibility Studies:

Preliminary studies and investigations undertaken to assess the viability and sustainability of a proposed desalination project. Various factors affect the feasibility of a project including technical, institutional, physical, economical, environmental, and social factors.

Research and Development Projects:

Fundamental/theoretical or experimental/applied investigations aiming at advancing scientific knowledge and refining/improving desalination technology. This includes research work addressing various issues associated with desalination including feedwater intake issues; brine disposal and concentrate management; energy efficiencies and application of alternative energy sources and cogeneration technologies; improving desalination process design; and other investigations aiming at improving desalination efficiency and minimizing its potential local and cumulative environmental impacts.

Pilots and Demonstrations Projects:

Small-scale versions of planned industrial plants including laboratory-scale plants that are built to gain experience and scientifically sound data in operating full-scale plants and/or to test, verify, and validate the soundness of a proposed design.

Construction Projects:

Large-scale industrial plants approved by the appropriate regulatory bodies of the State to produce and distribute potable water for public consumption.

2. *Form A, number 19, asks for the project's location in latitude & longitude. What Datum and Projection do you want to have the latitude & longitude?*

We prefer the latitude & longitude to be presented in Datum: NAD83, and Projection: CA10 (UTM Zone 10).

3. *Have you considered the two-step Application Process - whereby a concept proposal is initially submitted, the proposal is placed on a priority (or ranking) list and the applicant is selected to apply with a full proposal if it meets the eligibility requirements?*

Although the two-step process has merits and has been used before by other programs, for this grant program, to ensure efficient, timely, and true evaluation of the applications, DWR decided to utilize the one-step process.

4. *Can applicants just submit a PDF of their proposal by e-mail and not all of the copies?*

No, the applicant's proposal must be submitted with the following contents: one original document, eight copies, and one electronic copy for each proposal. Electronic copy of the main body of the proposal is to be in a single file on a CD-ROM in MS Word compatible format or in a searchable PDF format with content copying enabled.

5. *If two or more public agencies are collaborating on a new desalination project, can two or more separate proposals be submitted?*

Yes, however a single project can not receive duplicate funding. For the individual proposals to be eligible for simultaneous funding each proposal must deal with separate and distinct project phases or components.

ELIGIBLE APPLICANTS (SECTION 2)

6. *Are private entities eligible to receive funding under this program?*

Private entities are not eligible for the Desalination grants under this program. As outlined in Section 2, Eligible Applicants include California public entities involved with water management activities including: Cities, Counties, Cities and counties, Joint power authorities, Public water districts, Tribes, State agencies, and other political subdivisions of the State, as well as the following California and non-California entities: Non-profit organizations*, including California watershed management groups, Universities and colleges, and Federal agencies, However, eligible applicants may form cooperative relationships with other entities, including private companies.

*non profits are defined in Proposition 50 (see Water Code Section 79505)

7. *Do applicants who have ongoing cooperative relationships with other private entities prior to the proposal submittal need to adhere to the State's competitive bidding process?*

Applicants need to follow the State's Bid Process in selecting private consultants. However, applicants who have not relied on a competitive bidding process in the selection of private consultants for the proposed project will need to explain why a particular consultant was selected and state that the selection has been made in accordance with all pertinent laws and regulations.

8. *Can an interagency MOU be used as evidence to demonstrate interagency cooperation in an application?*

Yes

9. *In order to apply for funding, does an applicant need to be an Urban Water Conservation Council signatory?*

No.

10. *Will priority be given to applicants that collaborate with California companies?*

No.

PROJECT ELIGIBILITY (SECTION 3)

11. *Should DWR limit funding eligibility to feasibility studies and research and development projects that deal with various desalination issues, as opposed to funding construction and production facilities?*

The legislation clearly defines the type of desalination projects eligible for funding in Assembly Bill (AB) 1747 (Statute of 2003, Water Code Section 79547.2(c)). An eligible "desalination project" includes construction, planning, engineering, design, environmental assessments, or related work necessary for the construction of a desalination facility, or the construction of a pilot or demonstration facility.

12. *While the PSP emphasizes the challenging questions surrounding desalination (Section 3), it provides the largest funding awards per project to construction projects (Section 5). How do you explain this inconsistency?*

As per AB 1747, construction projects are also eligible under this grant program. All projects will be selected for funding based on set criteria which clearly emphasize the need to address the challenging questions surrounding desalination. The maximum grant limits for the various project types are in proportion to their relative cost.

13. *Can an environmental study be considered as a "Feasibility Study"?*

Yes, feasibility studies include studies that provide answers to technical, economic, social, as well as environmental questions associated with a proposed project. (See Question # 1)

14. *How do you define brackish water?*

Brackish water is water with a salinity that exceeds normally acceptable standards for municipal, domestic, and irrigation uses but less than that of seawater. For the purpose of this grant program, brackish water is defined as water containing Total Dissolved Solids (TDS) concentration exceeding 1,000 milligrams of salt per liter.

Since this grant program intends to advance oceanwater and brackish water desalination and, at the same time, create new or alternative potable water supplies to the State, only brackish water that is not being beneficially used will be considered for funding.

15. *What would be considered as eligible inland brackish water for funding?*

Impaired/brackish groundwater, impaired agricultural drainage water, or impaired saline water sources that are not viable for a beneficial use, that with desalination will lead to the availability of new potable water, may be considered. Also, brackish water that is discharged either to a saline sink or the ocean is applicable.

16. *In the Project Eligibility section, what is meant by "projects that are proposing to desalinate waters that are currently being used are not eligible"?*

Water that currently is applied to a beneficial use is not eligible for grant funding as the intent of this grant program is to add new or alternative potable water supplies to the State along with advancing ocean water and brackish water desalination. Therefore, a project that removes or replaces one beneficial use with another is not eligible.

17. *Is the treatment of potable water, to a higher quality level for industrial use, eligible? Is development of desalinated seawater treated to a higher level above potable water quality for industrial use (indirectly freeing up potable water) an eligible project?*

Water quality improvement for industrial use is not eligible for funding under this program. However, projects proposing to desalinate seawater for industrial use with satisfactory assurance that this will free up potable water supplies will be considered on a case by case basis.

18. *Is a stormwater treatment project eligible for this PSP?*

No, stormwater treatment is not eligible under this grant program; however, it may be eligible under other programs such as Prop. 50, Chapter 8(b) grants.

19. *Are water recycling projects eligible for funding?*

Projects involving recycled water are not eligible under this funding program. However, they may apply for other funding sources such as Prop. 50, Chapter 7(g) grants.

20. *Is a project aiming to improve potable water quality eligible?*

No. The objective of this grant program is to generate new or alternative potable water supplies from water sources that are not currently being used. These projects may be eligible for grants under other programs such as chapters 5 and 8 of Prop 50.

21. *Are projects that improve water supply reliability during critical dry years and provide critically needed replacement for impaired water supply to a community that has no alternative drinking water supply eligible?*

Yes, if such projects are brackish or seawater desalination projects.

22. *Is there any coordination with other agencies to collaboratively use water and energy grants?*

No, there is no water and energy coordination for this grant. However, a representative of the Energy Commission will serve on the proposal evaluation team.

23. *Would you disqualify projects that will require publicly subsidized energy?*

The eligibility criteria listed in the PSP will be followed to qualify a proposal. To be considered, projects have to be technically, economically, and environmentally feasible.

24. *Is a Public education/outreach project, such as an educational movie on desalination, eligible for funding?*

Yes, if it meets the eligibility criteria and the objectives of this grant program.

25. *In order to apply for a construction grant does there have to be a pilot or demonstration project first?*

Generally potable desalination construction projects are preceded by pilot or demonstration studies. Applicants of desalination construction projects, which provide potable water to the public, shall check with the applicable regulatory and permitting agencies for the requirements.

26. *Is it possible to apply for both the first funding cycle and for the second funding cycle for distinct phases of the same project?*

Applicants can apply for different phases of their project during different funding cycles.

27. *Is it sufficient to have preliminary plans for a project to apply for funding?*

It is important to describe project readiness as it is one of the selection criteria. Consistent with provisions of AB 1747 and the recommendations of the California Water Desalination Task Force, eligible projects shall be selected based on a demonstrated need for new or alternative water supplies, project readiness, and the degree to which the project avoids or mitigates adverse environmental impacts.

28. *What if a pilot project is too site specific?*

A project can be site specific. It also has to be innovative and advance desalination technology.

GEOGRAPHIC SCOPE (SECTION 4)

29. *Do projects that contribute in meeting CALFED goals have priority?*

As noted in Section 4 of the PSP, Geographic Scope, projects from throughout the State will be considered for funding through this program. CALFED projects will be given the same opportunity as other projects.

30. *Recommend that funds should be distributed equitably among geographic regions (i.e. Northern and Southern California) to ensure one area does not receive a bulk of the funds.*

There is currently no provision to split funds between various geographic regions. Projects are selected based on the criteria stated in the PSP to ensure that the best and most needed projects are funded throughout the State regardless of location.

AVAILABLE FUNDS (SECTION 5)

31. *How many funding cycles will occur and how much grant money will be awarded in each cycle for the \$50 million in Proposition 50, Chapter 6(a) funds?*

The plan is to administer the funds through 2 cycles. The first cycle granted \$25 million for the FY 04/05. The second cycle is granting \$21.5 million during FY 05/06.

32. *How are grant funds distributed between project types and is there a minimum amount of funding to be awarded per project?*

There is no set number of projects per category, and no minimum funding limit. Based on the mix and quality of project proposals received, the management funding team will have discretion to create a reasonable distribution of funds among project categories. The maximum funding limits for each project type for the second round of funding are: Feasibility Studies (\$250,000), Research and Development (\$0.5 million), Pilots or Demonstration Projects (\$1.5 million), Water Desalination Construction Projects (\$3.0 million).

33. *Why has the maximum amount of funding to be awarded per project type been changed from those in the 1st cycle?*

There are less funds available in this cycle. In order to fund as many projects as practicable, the maximum limits have been adjusted. The purpose is to provide full, not partial, funding in those categories.

34. *Can a phase of a project be separate from other phases that get other state funding?*

Yes, as long as each phase is separate and the funding requirements are not double counted.

35. *Can planning dollars and/or the cost of developing the proposal be used in the grant request?*

Only work performed after the effective date of the contract will be eligible for reimbursement. Costs incurred after November 5, 2002 but prior to the effective date of the grant contract are not eligible for reimbursement, but may be considered, at the Granting Agency's discretion, as a part of the applicant's local match.

36. *Would it be more applicable to only fund feasibility studies and research projects in this round of grants? Also, could you limit funds to feasibility and research projects only which will provide important environmental information, or to construction and demonstration project which will actually increase water supplies?*

As stated in Assembly Bill (AB) 1747 (Statute of 2003, Water Code Section 79547.2(c)) an eligible "desalination project" includes construction, planning, engineering, design, environmental assessments, or related work necessary for the construction of a desalination facility, or the construction of a pilot or demonstration facility. We will give everyone the same opportunities.

MATCHING FUNDS (SECTION 6)

37. *What type of narrative description are you asking for in the budget for each cost share element?*

Provide a brief description that explains your costs, especially if the costs are not self explanatory.

38. *Can costs incurred prior to contract agreement be reimbursed, and/or be considered as part of the projects cost share/matching funds?*

One requirement for the grant is that a proposal has both grant share and non state share matching funds in the request. Only work performed after the effective date of the contract will be eligible for reimbursement. Costs incurred after November 5, 2002 but prior to the effective date of the grant contract are not eligible for reimbursement, but may be considered, at the Granting Agency's discretion, as a part of the applicant's local match. Reimbursement is subject to contract execution. Therefore, applicants wishing to start work before contract execution should do so at their own risk.

39. Is the 50% matching fund requirement applicable to all projects types, including feasibility studies and demonstration projects?

Yes.

40. Will DWR consider combining this funding with other State Agencies, such as the Energy Commission or State revolving fund loans, for 50% matching funds?

To be eligible to receive a grant, at least fifty percent (50%) of the total cost of the project shall be met by matching funds or donated services from non-state sources. Applicant should provide documentation that matching funds are from non-state sources. To use State revolving fund loans as matching funds, applicant has to provide documentation that such loans will be paid-off by non-state funds.

41. Can federal funds be used as matching funds?

Yes.

42. Are universities and research groups excluded from the matching funds requirement? Could the matching fund requirement be lowered for UC campuses?

The answer is no for both questions. Matching funds are required for all entities on all project types. The 50% matching fund is a requirement of Prop. 50, Water Code Section 79545 (a).

43. Can an applicant, such as a university, apply donated services and labor for matching funds?

Yes, if project related, however, applicants awarded grants will be required to take measures necessary to ensure compliance with Labor Code requirements, including but not limited to Section 1720 et seq. of the Labor Code regarding public works, limitations on use of volunteer labor (Labor Code Section 1720.4) and payment of prevailing wages for work performed as part of this grant.

44. What is the percentage for in-kind services for matching funds?

No limit has been set. The applicant is responsible for providing at least fifty percent (50%) matching funds or donated services from non-state sources. The applicant shall provide an institutional cost-sharing agreement (letter) signed by an official authorized to commit the applicant to all or part of the matching share or a letter authorizing third party, in-kind contribution signed by an official authorized to commit the third party.

45. Can expenses for CEQA, and/or environmental compliance studies be claimed? Can these be counted as matching funds?

Yes, but only work performed after the effective date of the contract will be eligible for reimbursement. Costs incurred after November 5, 2002 but prior to the effective date of the grant contract are not eligible for reimbursement, but may be considered, at DWR's discretion, as a part of the applicant's local match.

46. How are grant funds disbursed?

Disbursement of funds may be provided on a monthly basis to reimburse the grant recipient for work performed. Advance funds cannot be provided.

DURATION OF PROJECTS (SECTION 7)

47. *Can the contract period be extended beyond the three year limit?*

The contract period shall not exceed three years, however, projects requiring more than three years for completion may apply for an extension before the end of the initial agreement period at no additional cost to the State beyond the initial grant amount.

48. *Are projects required to have a direct link to an existing field application? If so, can the PSP be more flexible to consider long-term research projects?*

For feasibility studies, and pilot and construction projects, applicants will need to demonstrate the project will be viable in the field, or how results can be applied to advance desalination and generating new potable water supplies. In addition to field applications, research and development projects aiming to advance desalination technology will be considered.

49. *What if there is a regulatory 2 year delay in the project? Will grant funds still be there?*

Project time extensions may be allowed for delays that are beyond the control of the applicant. Applicant may apply for an extension before the end of the initial agreement period at no additional cost to the State beyond the initial grant amount.

CONFLICT OF INTEREST (SECTION 10)

50. *Will Desalination Review Team sign statements indicating that there are no conflicts of interest?*

Yes.

PROPOSAL REVIEW AND SELECTION PROCESS (SECTION 11)

51. *Desalination Review Panel*

a) *Who will be scoring and ranking the proposals?*

We anticipate that the technical review team will consist of members from state, federal, outside stakeholder groups that do not have a conflict of interest. The technical team will provide DWR management with the recommended funding list.

b) *What type of expertise do you plan to have on the review panel?*

The plan is that the review panel will include desalination, energy, economics, conservation, environmental, and water quality experts.

c) *Will DWR make public the names of the people on the Desalination Review panel?*

No.

52. *Can we communicate with you once we submit a proposal?*

This process is a competitive process; communication will not be open once the proposals are received by DWR. DWR representative, however, will contact applicants with inquiries if needed.

SELECTION CRITERIA (SECTION 13)

53. *Will preference be given to projects proposing to use renewable and/or alternative energy systems in California?*

Opportunities for energy efficiencies and application of alternative energy sources and combined energy and desalination technologies are issues of interest. The use of renewable energy is an added environmental benefit. Environmental benefits are a part of the selection criteria (see Criteria Table in Section 13).

54. *Should the focus of the desalination construction projects be placed on the importance of producing potable water, regardless of the method being utilized? The selection criteria, as identified in Section 13, should be changed to reduce the importance placed on the Innovation and Technical Advancement of construction projects. Projects which are ready for construction, with the method of desalination already in place, do not have the option to change the method at this point, and the chances of these projects being funded are reduced.*

Producing new potable water is a requirement of all eligible projects. Some applicants, who are ready to proceed, may have considered innovation. Innovation will remain as a criterion.

55. *What will you consider innovation with pilot and demonstration construction projects?*

Innovation in pilot and demonstration construction projects will demonstrate originality, modernization, and improvement to further cost-effective, technologically sound, and implementable methods of water desalination in projects throughout the State.

56. *The PSP gives priority to projects that identify environmental benefits. Should applicants identify assurances that those benefits will be realized?*

Environmental benefits are accounted for in the selection criteria (see the Selection Criteria Table in Section 13, and Statement of Work: Project Readiness, Feasibility, and Environmental Mitigations and Benefits under Section 14(F)). Applicants should include a description of how claimed environmental benefits will be realized.

57. *Is an applicant proposing a desalination facility co-located with a power plant required to analyze the impacts of the desalination facility operations apart from the operations of the co-located facility's impacts?*

All applicants must comply with all relevant environmental requirements. Consult with appropriate permitting agencies for direction.

58. *If a proposed desalination project plans to utilize a new or existing open ocean intake, a current 316(b) study should be required before a grant is approved to ensure compliance with federal laws.*

Projects must follow all applicable local, state, federal laws.

STATEMENT OF WORK: RELEVANCE AND IMPORTANCE (SECTION 14)

59. *How do we demonstrate that all conservation and recycling programs have been implemented to the maximum extent practicable before considering desalination?*

To demonstrate that all conservation and recycling programs have been undertaken to the maximum extent practicable as outlined in Section 14(D), applicants are required to briefly describe their conservation and recycling efforts and, where applicable, refer to sections of their Urban Water Management Plans (UWMP) already submitted to DWR. If an applicant desires to make a stronger case for their proposal acceptance than provided in their UWMP, the applicant can submit supporting documentation along with the proposal as evidence of maximum recycling and conservation implementation. For example, an application could include the applicant's:

- description of how conservation and recycling programs will work concurrently with the proposed desalination project, and how the project will benefit the region as a whole
- current and future budgets indicating the priority of conservation and water recycling programs,
- summary status showing progress in implementing elements of urban water management plan, conservation programs and water recycling projects, and other applicable work, and
- any other supporting documentation to assist the reviewers with the evaluation.

60. *If we didn't complete all conservation efforts - BMP's, for example, all ULFTs installed in our service area, are we not eligible to seek a desalination grants?*

If an agency has tried to the maximum extent possible they should report this. Refer to sections of the agency's UWMP if applicable.

61. *Is priority given to projects and elements that have demonstrated significant progress or commitment by a water agency for multi-agency projects or have included a demonstrable regional coordination or implementation approach?*

The PSP accounts for regional coordination in the selection criteria. See the Selection Criteria Table in Section 13, and Section 14(D). Statement of Work: Relevance and Importance. There the PSP requests information on the need for the project as related to critical local, regional, Bay-Delta, State or federal water issues and a description of the project's consistency with local or regional water management plans or other integrated resource management plans.

62. *Are projects required to evaluate all new water supply strategies including desalination based upon adopted community General Plans, Urban Water Management Plans, Local Coastal Plans, and other approved plans that integrate regional planning, growth and water supply/demand projections? Environmental reviews should ensure that growth related and cumulative impacts of desalination projects are properly evaluated.*

Yes, the PSP requests information on the need for the project as related to critical local, regional, Bay-Delta, State or federal water issues and a description of the project's consistency with local or regional water management plans or other integrated resource management plans as stated in Section 14(D), Statement of Work: Relevance and Importance. CEQA document should address all environmental issues including growth-inducing and cumulative impacts.

63. *Does the PSP require projects to comply with CEQA in order to be considered for grant awards?*

If applicable, projects must comply with CEQA prior to the execution of the contract. DWR requires all applicants to include a plan for compliance with all applicable environmental, social and economic impacts of a proposed project, including mitigation required under CEQA and NEPA if applicable (see Section 14(F): Statement of Work: Project Readiness, Feasibility, and Environmental Mitigations and Benefits, which contains information on Environmental Documentation).

STATEMENT OF WORK: PROJECT READINESS, FEASIBILITY, AND ENVIRONMENTAL MITIGATIONS AND BENEFITS (SECTION 14(F))

64. *Is "Readiness to Proceed" accounted for in the selection criteria?*

Readiness to proceed is accounted for in Section 13, and Section 14(F): Statement of Work: Project Readiness, Feasibility, and Environmental Mitigations and Benefits.

65. *Is there grant funding preference given to brackish water desalination versus ocean water desalination projects, and/or projects utilizing beach well intakes versus those utilizing open water intakes?*

No preference shall be given to projects based on their feedwater source (brackish or ocean). Environmental issues, including feedwater intake issues, will be taken into account as outlined in the selection criteria, where projects that avoid or mitigate adverse environmental impacts are given higher weight.

66. *Is preference given to projects that avoid or mitigate adverse environmental impacts?*

Yes, projects that avoid or mitigate adverse environmental impacts are given higher weight (see Selection Criteria Table in Section 13, and Section 14(F): Statement of Work: Project Readiness, Feasibility, and Environmental Mitigations and Benefits).

OUTREACH, INFORMATION SHARING, AND ENVIRONMENTAL JUSTICE (SECTION 14(H))

67. *How does the PSP adequately ensure the public equitable access to benefits, and that no disproportionate impacts particularly to low-income and/or ethnic communities will occur?*

Environmental justice and public benefits are accounted for in the selection criteria. See the Selection Criteria Table in Section 13, and Outreach, Information Sharing, and Environmental Justice in Section 14(H).

68. *How does the PSP adequately ensure public involvement which includes the conservation community and other interest groups and stakeholders beginning early in the conception and development of desalination projects and continuing throughout planning, design and evaluation processes, in the project proposals?*

Public involvement is accounted for in the selection criteria. See the Selection Criteria Table in Section 13, and Section 14(H): Outreach, Information Sharing, and Environmental Justice.

MISCELLANEOUS

69. *Do we need to see Labor Code Compliance Program at the time of proposal submittal or at time of signing a contract agreement?*

California Labor Code Section 1771.8 requires the body awarding a contract for a public works project financed in any part with funds made available by Proposition 50 to adopt and enforce a Labor Compliance Program pursuant to Labor Code Section 1771.5(b). Compliance with applicable laws, including Labor Code provisions, will become an obligation of the grant recipient under the term of the grant agreement between the grant recipient and the granting agency. Labor Code Section 1771.8 appears to provide, where applicable, that the grantee's Labor Compliance Program must be in place at the time of the awarding of the contract for a public works project by the grantee.

Before submitting an application, applicants are urged to seek legal counsel regarding Labor Code compliance. Additional information is available at the Department of Industrial Relations website at <http://www.dir.ca.gov/>.

70. *Can you elaborate on the copyright, intellectual, and proprietary rights requirement?*

The grant program aims to advance water desalination technology and its use through information dissemination. The privatizing of the developed information and technology would be in opposition to the goals of the program. All Patent, Copyright and Trademark property rights arising from the project, to the extent that they are invented, created, produced or developed by Grantee(s) with funds provided by State, shall be in the public domain and may be used by any entity for any lawful purpose.

71. *After announcing the draft funding recommendations what is the purpose of the additional workshop?*

This workshop is to discuss any appeals that may come forward. It is expected to be held in Sacramento.